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ABSTRACT

The new federalism plan and the fiscal year 1983 budget presented to Congress by the Reagan administration call for changes that would, within the next few years, eliminate all federal involvement in vocational education. The proposed plan for budget cuts, block grants, and eventual phaseout of all federal involvement in all federal government has no obligation to reduce unemployment and shortages of skilled workers or to enable special populations to succeed in vocational education. On the contrary, the basis for federal involvement in vocational education remains the same today as it was when Congress initially established the concept of federal support for vocational education. Cuts in federal funding for vocational education will hurt individuals, employers, and schools. Despite Administration claims, it is highly unlikely that state support can now be found to make up for the proposed real dollar reductions. If for no other reason, the federal government should continue to support vocational education because it is a program that more than repays the government for its investment. Finally, removal of the federal government from involvement in vocational education may result in the collapse of education-for-work capability. (MN)

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SPECIAL REPORT

Vocational Education and the New Federalism

The New Federalism plan and the fiscal year 83 budget presented to Congress by the Administration call for changes that would within the next few years eliminate all federal involvement in vocational education. We are shocked by these recommendations which we consider to be counter to the nation's needs today, the Administration's announced economic and defense goals and the historic place of vocational education in our free society.

The proposed budget would:

° Rescind $103.8 million in funding appropriated for vocational education for fiscal year 82, reducing the total level of support to $549.4 million.

° Consolidate vocational education and adult education into a block grant for FY 83 and further reduce funding by another $134 million. The consolidated grant would total $500 million for both programs.

The Administration has also announced that in FY 84 vocational education will be a part of the new Federalism plan. Although the details of this plan have not yet been forwarded to Congress, President Reagan outlined the broad dimensions of the plan in his State of the Union address, and it is also referred to in the FY83 budget. Under the plan's provisions, 40 federal programs would be turned back to the states and the dollars allocated from federal sources for these programs would be substantially less than the amounts currently appropriated. The level of support would continue to be reduced over a period of several years until all federal funding has been phased out.

We oppose this three-part plan of cuts, a block grant and an eventual phaseout of all federal involvement in and funding for vocational education because:

° Such a program suggests that the federal government has no obligation to reduce unemployment, now standing at almost nine percent.

° Skilled worker shortages are already at alarmingly high levels in many industries and a reduction of federal support for vocational education would further reduce the availability of training programs to meet these needs.

° Eliminating federal involvement in vocational education suggests that assisting states to train or retrain individuals for the new jobs created by technological innovations in the workplace is not a federal responsibility although federal defense initiatives and federal tax incentives are paving the way for much of the innovation.

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° More than half of the funding to provide the extra services required to enable special population groups to succeed in vocational education comes from the federal government. As a result, these programs would be among the most severely affected by the cuts.

° The decline of federal support in constant dollars over the past decade has already had a severe impact on the ability of vocational education to remain current with the needs of the workplace. Further cuts would result in such a deterioration in the quality of vocational education programs that their validity as a means of preparing individuals for work would be in question.

° States have not been able to make up for the past constant dollar losses in federal support. With the new array of demands to be placed upon the states, it seems certain that they will be even less able to make up for the much more extensive real dollar losses proposed for the future.

° The decision to reduce federal support on the assumption that states will make sure that the programs really needed are continued assumes that there is an overabundance of services currently available. This is not the case.

THE BASIS FOR FEDERAL INVESTMENT IN VOCATIONAL EDUCATION

The basis for a federal investment in vocational education remains the same today as it was more than a half century ago when Congress established the concept of federal support through passage of the Smith-Hughes Act. The goal is to strengthen vocational education's ability to prepare a skilled workforce and to help solve certain national economic and social problems through a partnership of federal, state and local governments.

In testimony before Congress in 1916 during debate of the vocational education legislation, Senator Carroll S. Page (Vermont) states the purpose in these words:

"I wish to emphasize what I regard as the fundamental purpose underlying this whole measure, namely, that it designs, through Federal effort, to blaze a trail which the several States may follow toward greater industrial efficiency and better citizenship for our young men and young women. Its purpose is to stimulate and encourage stronger State action along educational lines, with the central idea of promoting that equality of opportunity which this country owes to all, rich and poor alike."

"It is easy to say, 'Let the States do it,' but it is unlikely that the States will, on their own initiative, take up this work within a reasonable time; and if, perchance, they shall eventually do so, the movement will go forward at altogether too sluggardly a pace and with an accomplishment much too dilatory to meet the imperative, crying social and economic needs of this day and hour."

The national needs of today that vocational education can help address are clearly part of the federal agenda. They include:

- Responding to the need for a skilled labor force without regard to state boundaries.
- Retraining displaced workers and other unemployed citizens for available jobs.
- Training the workers required for the buildup of our national defense capacity.
- Offering the extra services and efforts required to make disadvantaged youth employable.
- Providing depressed communities the capacity they need to offer vocational education programs of high quality.
- Strengthening collaboration between vocational education and the Department of Labor in efforts to give disadvantaged Americans the special help they need to become employable.

Vocational education has an established track record in all of these areas. With a strengthened federal, state and local partnership it can be a vital part of our national economic recovery efforts.

CUTS WILL HURT INDIVIDUALS, EMPLOYERS, SCHOOLS

The repercussions of cuts in federal funding will be felt by individuals, employers and within the nation's school system, where most vocational education programs are offered. Let us look at the impact of the Federalism plan and appropriation cuts on each of these entities.

Impact on Individuals

With the decreased federal involvement and reduced resources, access to vocational education will become more limited, according to reports from state directors of vocational education. In depressed communities and in states already facing serious economic problems, where the need for vocational education is generally the greatest, the problem of access will be the most severe.

New programs to train workers in emerging occupations will not be started, with states opting for the less costly alternative of maintaining existing programs. Students will find, consequently, that programs are lower in quality, outdated and less likely to prepare them for actual jobs in industry.

Fewer special needs students will be served in vocational education if the federal government reduces its share of support or pulls out of the partnership. Since 1976, federal legislation has required states to set aside funds to meet the needs of special populations, since evidence showed that states were not adequately meeting the needs of these groups. The result has been expanded services to the disadvantaged, those with limited English-speaking ability and the handicapped.

The National Institute of Education reports in its 1981 Congressionally-mandated study that the federal government provides $1 of support for every 70 cents allocated by state and local governments for providing the extra services required to enable special needs students to succeed in vocational education.

In a telephone survey of 30 state directors of vocational education, these administrators verified that the costly extra services required to train disadvantaged and handicapped students will be among the first items to be cut if federal support drops.

Our economically depressed communities, where there are large percentages of special needs students, will continue to suffer from a lack of vocational education programs. A study of vocational education training sites conducted in 1978 showed that metropolitan areas, which have more than 22 percent of the total U.S. population, have less than 10 percent of the vocational training sites. The lengthy waiting lists that prospective vocational education students in many large cities already face will get even longer if federal support is eliminated.

Preparing citizens for productive employment must be a part of the Administration's plan to revitalize urban areas. By doing so, we could reduce the annual federal bill for unemployment, which is now approximately $25 billion. The drain from welfare payments, now costing the federal government $44 billion, could also be reduced by a substantial margin.

Impact on Employers

As the pace of technological change accelerates, employers are becoming increasingly concerned about the availability of vocational education. They are finding a smaller pool of skilled workers to meet their escalating needs.

A recent Economic Impact Modeling System prepared by a senior economist in the Office of the Secretary of Defense identifies projected needs for skilled workers for defense and for all industries through 1987. An analysis of 41 occupations requiring vocational training shows that there will be a need for almost 10 million new workers within the next five years in these occupations alone. These figures do not take into account the number of additional workers that will be required to replace workers who retire or for some other reason leave the field. (See Chart 1.)

The current Administration has provided substantial tax incentives to industries to retool and expand their capital investments. As a result, the level of technology in American industries will advance significantly during the next decade. As the same time, federal initiatives in defense and energy will vastly expand and change worker requirements in these fields. Without an up-to-date vocational education system to train and retrain workers for these industries, the mismatch between workplace needs and workforce capabilities will reach crisis proportions.

Employers are increasingly turning to vocational institutions to relieve their workforce shortages or to retrain workers to adapt to new technology. In 21 states, vocational education programs are providing customized training to enable at least 100,000 persons annually to fill jobs in new or expanding industries. The industries rely on the vocational institution to develop a curriculum, provide the training and sometimes even recruit and select the trainees.

Many of these states, however, say they will have to reduce or eliminate these special services to industries if federal funds are cut. As these industries are forced to provide their own training, they will have to raise the costs of their products, an action sure to fuel inflation.

Among small businesses, which employ more than half of the nation's non-government workforce, decreases in industry training programs offered through vocational education will be especially disasterous. These businesses depend entirely upon vocational education to train and retrain workers. Without this support, many will not be able to survive.

Public sector employers will face similar problems in finding the workers they need. A very substantial part of the training for this segment of the workforce is provided by vocational education, most notably in the health services and office occupations. The public sector is not prepared to assume the responsibility for training its workforce.

Impact on Schools

Schools across the country are faced with hard decisions over which programs and services they can afford to sustain as a result of local tax cutting initiatives and cutbacks at the state and national level. Vocational education programs are likely to be the first to go as their relative high cost becomes prohibitive for many schools.

Federal funds have been the catalyst for program improvement in vocational education, since these earmarked dollars have enabled schools to purchase new equipment, develop curricula and introduce new offerings.

While federal policymakers have recognized the need to support this updating effort, the decline in federal dollars over the past decade has made it impossible for many institutions to develop new offerings. While efforts to move into high technology training areas have been quite successful in a number of institutions, the availability of such programs is currently extremely limited.

A national survey of vocational education equipment and program needs, conducted in 1981 by the Center for Vocational, Technical and Adult Education at the University of Wisconsin--Stout, shows that less than a quarter of the nation's vocational institutions have introduced instruction in robotics or laser technology into their programs, despite their rapid adoption in industry. Close to a third of the more than 200 institutions participating in the study did not even offer instruction in word processing to any great extent, although it is now in widespread use in business. (See Chart 2.)

The study also showed that more than 30 percent of the tools and equipment, based on current dollar value, now being used in technical and trade and industrial programs are obsolete. The study notes that a typical institution with agriculture, business and office, home economics and trade and industrial programs would need about $600,000 to bring its equipment up-to-date.

Other findings showed that the rate at which equipment is becoming obsolete is two-thirds higher than the replacement rate. So even at current support levels it would be impossible for programs ever to catch up with current technology. With reduced funding, the gap between equipment and the state of-the-art in industry will become even more severe. (See Chart 3.)

CAN STATES AND LOCAL COMMUNITIES MAKE UP THE DIFFERENCE?

Architects of the Federalism plan and of the Fy 83 budget reason that reductions in federal support for vocational education will have little impact because states and local communities already provide $11 in support for every $1 of federal support. They believe that states and communities will be able either to make up for the loss of federal funds or reallocate resources to the programs that are truly needed. This reasoning is faulty both because it ignores past practices and assumes that there are an overabndance of vocational education programs in place at the present time.

Let us examine these assumptions. During the Seventies, federal support for vocational education has been steadily declining in constant dollars, dropping from $32 per student in 1972 to only $15 per student in 1979. During this same period, state and local support in constant dollars increased slightly from $151 per student before dropping back in 1979 to its 1972 level. In other words, the loss in federal dollars was not compensated for by the size of increases in state support.

With even greater demands on already pinched state and local coffers, it is highly unlikely that state support can now be found to make up for the proposed real dollar reductions.

In the survey of state directors conducted by AVA, 25 of the group reported that on top of federal cuts they expect losses in state and local funding within the next year.

Many states will do what Illinois has indicated it will do--trim their own budgets in accordance with the directions set at the federal level. Governor James Thompson has said, "Some programs are so important we would try to make it up with state source money, possibly cutting some other state programs to provide the money. Others, we might say that if it is not important to the federal government, it is not that important to us." Thompson puts vocational education in the latter category.

VOCATIONAL EDUCATION AS AN INVESTMENT

If for no other reason, we believe that the federal government should continue its support of vocational education because it is a program that more than repays the government for its investment.

A recent study conducted by Wen Lang Li of Ohio State University, using informations gathered from a sample group as part of the 1970 Census of Population, shows the return very clearly. The Census study of vocational training was conducted among a five percent sample of the U.S. population, fourteen years old and over.

The OSU study looked at earnings for the portion of the participants between eighteen and 29 years of age who had completed high school but not gone on for further education. Findings show that, based on the eleven-year pattern, vocational education students can expect to earn roughly 12 percent higher lifetime incomes than non-vocational education students.

Let us consider what this might mean for our economy. Based on a median annual income of $12,300, the amount reported by the Bureau of Labor Statistics for male high school graduates in 1978, a 12 percent difference in lifetime earnings would amount to additional income each year of $1,476 for vocational graduates. Federal income tax withheld at the 25 percent level would result in an additional return of $369 per person to the federal treasury.

Using this income figure, which is three years old, we calculate that a Congressional appropriation of $653 million to vocational education would be paid back in additional tax reveunes within three years by the estimated one million vocational students who will complete programs and enter full-time employment.

Projected over a thirty-year career, an initial investment of $653 million in developing the vocational talents of youth and adults would pay back more than $11 billion in additional taxes. That's a return of better than 56 percent annually on the initial investment.

EDUCATION-FOR-WORK CAPABILITY MAY COLLAPSE

Vocational education is a unique component of the American educational system. It is the most effective bridge between schools and the workplace. Vocational education provides an alternative for thousands of youth who without such an option would become dropouts from school and society. Involvement in vocational education can set the youth on the paths to productive careers, preparing them to become contributors to society rather than drains upon it.

Yet vocational education provides far more than entry-level training. Vocational education programs at the postsecondary level are essential for addressing critical skilled worker requirements that are key elements in our economic recovery program.

Vocational education is also able to work closely with business in providing customized training to meet employers' needs for worker training and retraining required as businesses and industries retool, expand and update their plants.

At the same time, vocational education is a partner with labor, providing much of the related education required for apprenticeship programs and offering the prerequisite training needed for entry into these programs.

Finally, vocational education must be a partner with government in efforts required to put our nation on the course to economic recovery and an increased defense capability.

We fear that the proposed removal of the federal government from involvement in this national system will cause the system to collapse. The record shows that this involvement has caused vocational education to grow, set the direction for many of its activities and provided the catalytic action required to keep it in tune with workforce needs for more than a half century. Removing this support will make it highly unlikely that vocational education programs can remain ready to address the enormous needs for the future.

Chart 1

Projected Demand for Skilled Workers
by 1987

	Defense		All Industries	
	Total	New Workers*	Total	New Workers*
Clerical and Sales Workers	460,700	155,620	19,725,970	2,530,650
Service Workers	532,850	132,380	16,648,810	1,990,740
Other Operatives, excluding Transport	620,480	232,370	10,490,390	1,217,280
Stenos, Typists, & Secretaries	281,390	74,010	6,043,730	1,048,660
Construction Crafts Workers	151,450	52,580	4,384,190	618,280
Transport Operatives	152,360	53,820	4,003,490	442,730
Heavy Equipment Mechanics	87,220	31,820	1,281,720	281,020
Other Laborers	166,740	38,020	3,796,550	241,940
Automobile Mechanics	38,490	10,960	1,846,690	239,830
Machinery & Equipment Mechanics	78,360	18,240	1,152,490	175,270
Solderers, Welders and Cutters	81,900	24,900	889,480	153,150
Construction Workers	50,760	9,970	1,077,780	126,920
Other Engineering Technicians	93,820	22,320	784,930	125,380
Computer Specialists	71,290	14,140	547,040	90,130
Machinists & Apprentices	75,410	24,940	572,590	83,140
Office Machine Operators	50,230	11,430	864,020	58,510
Health Technicians	5,950	950	561,310	54,750
Tool & Die Makers & Apprentices	28,160	11,520	223,150	42,100
Electrical & Electronic Technicians	60,710	12,190	241,190	40,390

Source: Defense Economic Impact Modeling System
Tabulated by David Blond, Senior Economist,
Office of Secretary of Defense.

* Figures do not include required worker replacements.

Projected Demand for Skilled Workers by 1987, continued

	Defense		All Industries	
	Total	New Workers*	Total	New Workers*
Data Processing Machine Repair	6,780	3,370	115,880	37,520
Sheetmetal Workers & Apprentices	29,600	7,590	188,090	33,250
Aircraft Mechanics	60,810	15,330	159,790	30,590
Transportation & Public Util. Workers	25,670	6,700	589,640	28,590
Punch Stamping Press Operators	18,330	7,410	193,360	25,900
Lathe Milling Machine Operators	17,970	6,250	145,800	19,400
Aeronautical Technicians	4,970	1,590	116,560	18,650
Millwrights	6,460	2,420	107,870	15,420
Other Precision Machine Operators	10,770	3,630	88,110	14,680
Printing Trade Crafts Workers	15,850	2,510	410,890	9,810
Blacksmiths & Boilermakers	4,820	1,060	59,870	9,630
Furnace Tenders	6,670	2,560	82,600	8,820
Molders, Metal Apprentices	6,090	2,290	60,430	7,680
Grinding Machine Operators	13,240	4,520	132,240	7,610
Chemical Technicians	5,950	1,770	93,200	6,670
Industrial Engineering Technicians	6,150	1,710	34,160	6,010
Mechanical Engineering Technicians	5,010	1,260	21,550	4,060
Metal Platers	5,830	1,890	41,220	3,450
Drill Press Operatives	8,860	2,150	65,140	3,410
Rollers & Finishers, Metal	1,820	720	23,980	2,780
Forge & Hammer Operators	1,900	720	21,950	2,020

Chart 2

New Technologies in Vocational Education

Technology	No Response	% Not Using	Slight Use	Some Use	Extensive Use	New Program
Energy Conservation	4	5	37	36	14	6
Generation and Use of Alternative Forms of Energy	5	40	24	21	6	5
Robotics	11	74	8	5	0	1
Micro-Processing	5	21	20	33	15	8
Word Processing	5	17	11	34	20	15
Laser Technology	7	74	11	6	1	1
Fiber Optics	7	69	20	3	1	1
Computer-Assisted Design	6	56	18	12	5	4
Computer-Assisted Manufacturing	7	56	26	8	4	0
Electro-Mechanical	8	22	32	22	14	5

Percent of respondents

Source: Vocational Education Equipment Needs Study, Center for Vocational, Technical and Adult Education, University of Wisconsin-Stout.

Chart 3

Vocational Education Tools and Equipment

Investment Value and Replacement Practices

Tools/Equipment Information	Occupational Fields						
	Agriculture	Bus/Office	Marketing/ DE	Health	Home Ec.	Trade & Ind.	Technical
Average $ Value of Tools and Equipment	150,000	411,000	61,000	125,000	176,000	1,051,000	641,000
% of Tools & Equipment Over 10 Years Old	47.5	32.9	44.6	43.0	42.2	52.5	44.4
% of Equipment That Is Obsolete	24.9	20.9	22.7	28.7	20.5	30.4	32.0
% of Equipment Replaced Each Year	8.6	9.7	7.4	8.1	9.5	8.8	9.5
Average Cost to Bring Equipment Up-to-Date	60,000	120,000	38,000	90,000	48,000	376,000	375,000

Source: Vocational Education Equipment Needs Study, Center for Vocational, Technical and Adult Education, University of Wisconsin-Stout.